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DEPARTMENT PLEASE PASS TO NSC FOR ADAM STERLING

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TAGS: PGOV PREL ECON KDEM

SUBJECT: SPRING TRAINING: POLITICAL SEASON BEGINS WITH
CONFIDENCE, CONCERN FOR FIDESZ

REF: A) BUDAPEST 84 B) BUDAPEST 69 C) 06 BUDAPEST 2229

Classified By: POL/C ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

¶1. (C) Summary: With Parliament preparing to reconvene and both Prime Minister Gyurcsany and FIDESZ leader Orban planning to give major addresses in the coming weeks, the political season is set to resume. Despite Orban's long absence (or perhaps because of it) FIDESZ has been making the most news during the holiday lull. The opposition has seized - appropriately - on the issue of energy security as its latest focus (ref B), and appears prepared to challenge many of the government's reform initiatives on constitutional grounds (ref C). But dissension in the ranks is reportedly on the rise, and Orban may have to pay closer attention to the home front as he continues his attacks on the Gyurcsany government. End Summary.

¶2. (C) Returning from a long holiday break (punctuated occasionally by remarks to the media), FIDESZ Party President Viktor Orban can find cause for confidence and for concern as he surveys the political state of play.

THROWING STONES ...

¶3. (C) Recent polling shows a significant lead for FIDESZ over the MSZP in the public's approval rating, and party VP Janos Ader indicated the party's willingness to delay the government's reform initiatives by subjecting them to review by the Constitutional Court. FIDESZ has also identified a potent issue in energy security. Ambassador Foley's recent meetings with FIDESZ MPs reflect their strong focus on this issue, with both party VP Janos Ader and Budapest District I Mayor Gabor Tamas Nagy candidly indicating their intention to "make some noise" on this issue. As noted in reftels A and B, GoH energy policy has been neither prudent nor transparent, and the Gyurcsany government remains vulnerable to criticism for accepting what Nagy called "Russian blackmail disguised as friendship."

¶4. (C) Just returned from a long winter break, Orban told the Ambassador January 18 that he will press this issue vigorously in EU circles, expressing confidence that the current EU leadership would prove more active and more sympathetic. He confessed, however, that the unseasonably mild winter had failed to increase popular dissatisfaction with the government, as he had hoped. At a reception at the residence January 23, FIDESZ Parliamentary faction leader Tibor Navracsics commented wryly that the mild winter was "the most successful part of the government's reform program."

FROM GLASS HOUSES?

¶5. (C) But FIDESZ's new focus on foreign policy has failed to divert attention completely from their internal tensions. The recent publication of an article outlining plans by

Terror Haz Museum Director and a former Orban advisor Maria Schmidt to form a new center-right party prompted a veritable firestorm of allegations and denials. Schmidt and Ader, who was also named as a member of the "conspiracy," were emphatic in denying any such plans, and efforts to identify the reporter who wrote the article were unsuccessful. FIDESZ officials dismissed the article as "science fiction," and Orban himself described the affair as "insignificant" compared to the "ongoing failure of health care reform." Several party officials suggested that "only the Gyurcsany government" would benefit from dissension within the opposition's ranks, but commentators sympathetic to the MSZP denied any involvement, firing back that Gyurcsany is "never safer than when Orban is in charge of the opposition." Even conservative commentator (and former Orban cabinet chief) Istvan Stumpf publicly criticized FIDESZ's charges of a "plot" against Orban as a "cheap Bolshevik trick," and gave credence to the theory that the article was a "pre-emptive strike" by pro-Orban forces to undermine opposition to his domination of the party.

¶6. (C) Although the article's provenance may never be resolved, Stumpf is correct in emphasizing the importance of focusing on the plot and not just the credits. There are signs of discontent with Orban's leadership, which has been erratic in direction and arbitrary in its decision-making. Stumpf cites "many dissatisfied FIDESZ members who believe that relations with the government cannot be based on moral censure and confrontation." Even President Solyom, who has privately indicated his low regard for Gyurcsany and his general sympathy for the opposition, has been measured and objective in his official New Year's remarks to the public and the Diplomatic Corps, casting blame on the entire political elite and emphasizing the need to change the political tone.

VICTORY WITHOUT VICTOR?

¶7. (C) Party members tell us privately that many believe FIDESZ "cannot win any election with Orban as party president." Although Orban's recent attention to energy security and the EU may presage yet another attempt to reinvent himself politically, moderates inside the party have expressed unease over Orban's recent public statement that FIDESZ should express its opposition through constitutional means ... as long as they have a chance of success." As Stumpf observed, this begs the question of just how far Orban is willing to go. Long-time Orban critic and MDF party president Ibolya David believes FIDESZ is already hard at work lining up spring demonstrations and fears "March 15 will be worse than October 23."

¶8. (C) One party staffer sees the possibility of a major fracture within the party, with either Orban leading an exodus of his personal supporters to the Christian Democratic Party or a mass defection of more moderate members from the ranks. For his part, Ader saw little prospect of change - or need to - predicting that FIDESZ will effectively endorse its present course and its present leadership at its spring party congress. That may come as a disappointment to many of the FIDESZ representatives who were elected in the October local elections.

¶9. (C) Comment: To date, indications of discontent have stopped well short of open revolt. The recent firestorm over the Schmidt article was likely accentuated during the holiday lull, and most party members recognize that splitting the party - and the vote - will cost them in the near term. That said, criticism of Orban is no longer a rarity, and foreign observers believe FIDESZ officials - including Orban himself - are increasingly contemplating the question "What to do about Viktor?" Although his following remains strong, many see him less as a young man (which he still is at age 45) than as a politician approaching his third decade in the public spotlight with no evident inclination to move on of his own accord. As Stumpf observed, Orban is no longer "untouchable," and some are questioning the long-held

conviction that he is indispensable. As spring approaches, Orban may have to resume his campaign against the government with an eye on his flanks. End Comment.

FOLEY